

**Senate Bill No. 1037**

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Passed the Senate August 4, 2014

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*Secretary of the Senate*

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Passed the Assembly June 30, 2014

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2014, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Section 130350.6 of the Public Utilities Code, relating to transportation.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1037, Hernandez. Los Angeles County Metropolitan Transportation Authority: transactions and use tax.

Existing law authorizes the Los Angeles County Metropolitan Transportation Authority (MTA) to impose, in addition to any other tax that it is authorized to impose, a transactions and use tax at a rate of 0.5% for the funding of specified transportation-related purposes pursuant to an adopted expenditure plan and subject to voter approval. Existing law authorizes the MTA to seek voter approval to extend the sales tax pursuant to an amended ordinance, subject to various requirements and voter approval.

This bill would require the MTA, before submitting an ordinance or amended ordinance to the voters, to amend the expenditure plan previously prepared for the voter-approved Measure R transactions and use tax with respect to certain matters relating to projects and programs to be funded under Measure R and to develop a transparent process to determine the most recent cost estimates for those projects and programs. The bill would also require the MTA to include the amended expenditure plan in the revised and updated Long Range Transportation Plan, and to post the amended expenditure plan and the Long Range Transportation Plan on the MTA's Internet Web site at least 30 days before submitting the ordinance or amended ordinance to the voters. The bill would require the revised and updated Long Range Transportation Plan to include capital projects and capital programs that are adopted by each subregion, as specified, and that are submitted to the MTA for inclusion in the Long Range Transportation Plan.

*The people of the State of California do enact as follows:*

SECTION 1. Section 130350.6 of the Public Utilities Code is amended to read:

130350.6. (a) The tax authorized by Section 130350.5 may be imposed as set forth in paragraph (3) of subdivision (b) of Section 130350.5 in a transactions and use tax ordinance, or an amendment of the ordinance approved pursuant to paragraph (1) of subdivision (b) of Section 130350.5, that conforms with Chapter 2 (commencing with Section 7261) to Chapter 4 (commencing with Section 7275), inclusive, of the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), and that is approved by a majority of the entire membership of the authority. The tax may be imposed pursuant to this section only if the proposing ordinance, or amendment thereof, is approved by two-thirds of the voters, in the manner as otherwise required by law, voting on this measure, in a special or general election and, if so approved, shall become operative as provided in Section 130352. The proposing ordinance shall specify that the net revenues derived from the tax are to be administered by the Los Angeles County Metropolitan Transportation Authority (MTA) as provided in this section. Net revenues shall be defined as all revenues derived from the tax less any refunds, costs of administration by the State Board of Equalization, and costs of administration by the MTA. Such costs of administration by the MTA shall not exceed 1.5 percent of the revenues derived from the tax. The proposing ordinance shall be accompanied by a new expenditure plan for the net revenues derived from the tax. This new expenditure plan shall identify the years in which the MTA anticipates net revenues derived from the tax will be available to each project or program in the new expenditure plan.

(b) The MTA may incur bonded indebtedness payable from the proceeds of the tax authorized by this section pursuant to the bond issuance provisions of this chapter, and any successor act.

(c) Proceeds from the tax authorized by this section, including proceeds from bonds issued pursuant to subdivision (b), after payment of the bonded indebtedness, shall be used to accelerate the completion of the projects and programs identified in subparagraphs (A) and (B) of paragraph (3) of subdivision (b) of Section 130350.5, for the expenditure plan adopted by the MTA board on July 24, 2008, and for operations pursuant to paragraph (3) of subdivision (b) of Section 130350.5.

(d) Upon completion of the projects and programs identified in subparagraphs (A) and (B) of paragraph (3) of subdivision (b) of Section 130350.5 and the expenditure plan adopted by the MTA board on July 24, 2008, any funds remaining from the bonds described in subdivision (b) and any funds remaining from the proceeds of the tax authorized by this section, after payment of the bonded indebtedness, shall be expended by the MTA on projects and programs in the Long Range Transportation Plan or its successor plans, and for operations pursuant to paragraph (3) of subdivision (b) of Section 130350.5.

(e) To the extent that the MTA deems it necessary to accelerate the completion of a project or program in a new expenditure plan adopted pursuant to this section, the MTA shall expend funds derived from the sales tax authorized by Section 130350.5 according to the schedule described in the new expenditure plan adopted pursuant to this section. The MTA shall make this determination by a majority vote of the MTA board.

(f) (1) Before submitting the ordinance described in subdivision (a) to the voters, the MTA shall amend the expenditure plan adopted pursuant to subdivision (f) of Section 130350.5. The amended expenditure plan shall update all of the following for the projects and programs listed in subparagraphs (A) and (B) of paragraph (3) of subdivision (b) of Section 130350.5:

(A) The most recent cost estimates for each project and program identified in the amended expenditure plan.

(B) The identification of the accelerated cost, if applicable, for each project and program in the amended expenditure plan.

(C) The schedule during which the MTA anticipates funds will be available for each project and program.

(D) The expected completion dates for each project and program.

(2) The MTA shall develop a transparent process to determine the most recent cost estimates for each project and program identified in the amended expenditure plan.

(3) The amended expenditure plan shall also be included in the revised and updated Long Range Transportation Plan before the ordinance described in subdivision (a) is submitted to the voters. The revised and updated Long Range Transportation Plan shall also include capital projects and capital programs that are adopted by each subregion that are submitted to the MTA for inclusion in the revised and updated Long Range Transportation Plan. Inclusion

of a capital project or a capital program in the Long Range Transportation Plan is not a commitment or guarantee that the project or program shall receive any future funding. As used in this paragraph, “subregion” shall have the meaning as defined in the Long Range Transportation Plan in effect as of January 1, 2008.

(4) At least 30 days before submitting the ordinance described in subdivision (a) to the voters, the MTA shall post the amended expenditure plan and the Long Range Transportation Plan on the MTA’s Internet Web site in a prominent manner.





Approved \_\_\_\_\_, 2014

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*Governor*